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**ORLEANS PARISH CIVIL SHERIFF**

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**FINANCIAL AND COMPLIANCE  
AUDIT TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED JUNE 30, 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5-17-06

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## INDEPENDENT AUDITORS' REPORT

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To the Honorable Paul R. Valteau, Jr.  
**Orleans Parish Civil Sheriff**

We have audited the accompanying financial statements of the governmental activities, the major fund and the remaining fund information of the **Orleans Parish Civil Sheriff (the Sheriff)** as of and for the year ended June 30, 2005, which collectively comprise the **Sheriff's** basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the **Sheriff's** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the remaining fund information of the **Sheriff** as of June 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## INDEPENDENT AUDITORS' REPORT, CONTINUED

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To the Honorable Paul R. Valteau, Jr.

Orleans Parish Civil Sheriff

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In accordance with the Government Auditing Standards, we have also issued our report dated April 10, 2006 on our consideration of the Sheriff's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis on page 3 to 8 and budgetary comparison on page 30 to 31 are not required as part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

April 10, 2006

**ORLEANS PARISH CIVIL SHERIFF  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2005**

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**Orleans Parish Civil Sheriff (the Sheriff)** is a component unit of the City of New Orleans. The Sheriff's management's discussion and analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of the Sheriff's financial activity, and identify changes in the Sheriff's financial position and its ability to address the next and subsequent year challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" and is intended to provide the financial results for the fiscal year ended June 30, 2005.

The following is an illustration on how this financial report is presented.

<b>MD&amp;A</b> Management's Discussion and Analysis (Required Supplementary Information)
<b>Basic Financial Statements</b>  Government-Wide Financial Statements  Fund Financial Statements
Notes to the Financial Statements
<b>Other Required Supplementary Information</b> Required Supplementary Information

**ORLEANS PARISH CIVIL SHERIFF  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2005**

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As indicated in the illustration, GASB 34 requires the presentation of two basic types of financial statements: Government-Wide Financial Statements and Fund Financial Statements.

**Government-Wide Financial Statements**

The government- wide financial statements provide a perspective of **the Sheriff** as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two government-wide statements: the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless if they are currently available or not.

Consistent with the full accrual basis method of accounting, the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various **the Sheriff** services.

**Fund Financial Statements**

The fund statements are similar to financial presentations of typical governmental agencies, but the focus is on **the Sheriff's** major funds rather than fund types as in the past. The fund statements are reported using the modified accrual method of accounting. Under this basis of accounting, revenues are recorded when received except where they are measurable and available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period that goods and services are used. In addition, capital asset purchases are expensed and not recorded as assets. Debt payments are recorded as expenditures in the current year and future debt obligations are not recorded.

The General Fund is the only fund of **the Sheriff**. The General Fund is used to account for the general operations of **the Sheriff**. Its revenues are primarily derived from fees and commissions, and securities.

**ORLEANS PARISH CIVIL SHERIFF  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2005**

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**Financial Analysis of the Sheriff as a whole**

**Summary Statement of Net Assets**

	<u>2005</u>	<u>2004</u>	<u>Change</u>
<b>Assets</b>			
Current assets	\$2,408,358	\$2,923,007	\$(514,649)
Capital assets, net	<u>277,054</u>	<u>379,298</u>	<u>(102,244)</u>
<b>Total assets</b>	<u>2,685,412</u>	<u>3,302,305</u>	<u>(616,893)</u>
<b>Liabilities</b>			
Current liabilities	270,567	576,805	(306,238)
Non current liabilities	<u>-0-</u>	<u>30,606</u>	<u>(30,606)</u>
<b>Total liabilities</b>	<u>270,567</u>	<u>607,411</u>	<u>(336,844)</u>
<b>Net Assets</b>			
Invested in capital assets	277,054	379,298	(102,244)
Unrestricted	<u>2,137,791</u>	<u>2,315,596</u>	<u>(177,805)</u>
<b>Total net assets</b>	<u>\$2,414,845</u>	<u>\$2,694,894</u>	<u>\$(280,049)</u>

As indicated by the statement above, in 2005 total net assets are \$2,414,845, which represents a 10.4% decrease over 2004. In 2005, total assets, which consist of 89.7% in current assets and 10.3% in capital assets, decreased by 18.7% from \$3,302,305 to \$2,685,412.

Total liabilities decreased by \$336,844 or 55.4%. The overall decrease in total liabilities was due primarily to a combination of a \$254,706 decrease in accrued payroll, an \$119,349 decrease in the capital lease payable and a \$38,188 increase in accrued pension liability.

Invested in capital assets is a combination of capital assets at original cost less accumulated depreciation. The original cost of capital assets is \$1,196,136, which is an accumulation of capital assets year after year less any capital disposals. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with accounting principles generally accepted in the United States of America, depreciation expense is recorded on the original cost of the asset, less an estimated salvage value, expensed over the estimated useful life of the asset. Total accumulated depreciation is \$919,082.

The remaining \$2,137,791 in net assets is unrestricted. The unrestricted fund balance is an accumulation of prior years' operating results. This balance directly affects the Sheriff's operating results each year.

**ORLEANS PARISH CIVIL SHERIFF  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2005**

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**Results of Operations**

	<u>2005</u>	<u>2004</u>	<u>Change</u>
<b>Revenues</b>			
Fees and commissions	\$6,607,690	\$5,931,421	\$676,269
Security services	2,752,448	2,485,847	266,601
Supplemental pay	308,457	329,808	(21,351)
Other	<u>18,194</u>	<u>22,203</u>	<u>(4,009)</u>
Total Revenues	<u>9,686,789</u>	<u>8,769,279</u>	<u>917,510</u>
<b>Expenses</b>			
Salaries and related benefits	8,708,521	7,840,851	867,670
Operating services	<u>1,258,317</u>	<u>1,272,264</u>	<u>(13,947)</u>
Total Expenses	<u>9,966,838</u>	<u>9,113,115</u>	<u>853,723</u>
Increase (Decrease) in Net Assets	<u>\$ (280,049)</u>	<u>\$ (343,836)</u>	<u>\$ 63,787</u>

Changes in the Sheriff's revenues are reflected in the table above. Total revenues increased by \$917,510 or about 10.5%, which is primarily due to an increase in foreclosures resulting in more commission fees earned and two (2) additional security service contracts. Total expenses increased by \$853,723. The increase of \$853,723 was primarily attributable to an extra payroll in the 2005 fiscal year and typical annual salary increases. The above statement shows how the \$280,049 decrease in net assets occurred for 2005.

**Financial Analysis of the Governmental Fund**

The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Sheriff's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the June 30, 2005 fiscal year, the Sheriff's general fund reported ending unreserved fund balance of \$2,168,397, a decrease of \$208,490 in comparison to the prior year.



**ORLEANS PARISH CIVIL SHERIFF  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2005**

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**Capital Assets and Debt Administration**

**Capital Assets**

At June 30, 2005, capital assets consisted of the following.

<b>Assets</b>	<b><u>2005</u></b>	<b><u>2004</u></b>
Building and building improvements	\$ 191,454	\$ 189,595
Equipment	630,520	548,745
Vehicles	374,162	356,443
Less accumulated depreciation	<u>(919,082)</u>	<u>(715,485)</u>
Net capital Assets	<u>\$ 277,054</u>	<u>\$ 379,298</u>

Depreciation expense for the year is \$203,597.

**Debt Administration**

In the June 30, 2005 fiscal year, capital lease obligation decreased by \$119,349 based on scheduled payments of principal.

**Economic Factors and Next Year's Budget**

The major factor affecting the budget is the revenues received from servicing citations, summonses, subpoenas, notices and other processes, executing writs for judicial sales and providing security services.

**Budget**

As required by state law, the Sheriff adopts the original budget of the Sheriff prior to the commencement of the fiscal year to which the budget applies. The Sheriff is permitted by state law to amend its budget anytime during the fiscal year prior the end of fiscal to which the budget applies. The Sheriff amended its original budget once during the 2005 fiscal year.

**ORLEANS PARISH CIVIL SHERIFF  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2005**

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**Revenue Budget**

The Sheriff's actual general fund revenues of \$9,686,789 were less than the budget by \$103,271, a variance of 1.1%.

**General Fund Expenditures**

As indicated below, the Sheriff's actual general fund expenditures of \$9,983,943 were less than budgeted by 1.7%.

Total expenditures per final budget	\$10,153,560
Total actual expenditures	\$ 9,983,943

**Contacting the Sheriff Financial Management**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Sheriff's finances and demonstrate the Sheriff's accountability for money it receives. If you have questions about this report or need additional information, contact Mr. Paul R. Valteau, Jr., Sheriff, at 421 Loyola Avenue, Room 403, New Orleans, LA. 70112.

**ORLEANS PARISH CIVIL SHERIFF**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2005**

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**ASSETS**

**Current Assets:**

Cash and cash equivalents (NOTE 2)	\$ 879,936
Accounts receivable	300,966
Due from agency fund	<u>1,227,456</u>

Total current assets 2,408,358

Capital assets, net (NOTE 3) 277,054

Total assets 2,685,412

**LIABILITIES**

**Current Liabilities:**

Accounts payable and accrued liabilities	239,961
Current portion of capital lease payable (NOTE 7)	<u>30,606</u>

Total current liabilities 270,567

**NET ASSETS**

Investment in capital assets	277,054
Unrestricted	<u>2,137,791</u>

Total net assets \$2,414,845

The accompanying notes are an integral part of these financial statements.

**ORLEANS PARISH CIVIL SHERIFF  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2005**

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**EXPENSES**

**Salaries and related benefits:**

Salaries	\$6,814,378
Pension contributions	654,622
Social security contributions	25,276
Medicare tax	90,679
Unemployment compensation insurance	42,580
Group insurance	780,355
Parking	33,972
Continuing education	9,525
Louisiana deferred compensation	257,134

**Contractual services:**

Sheriff's expense allowance	13,761
Communications and telephone	85,747
Equipment rentals	76,643
Equipment repair and maintenance	11,136
Oil and gas auto	138,877
Repairs and maintenance	50,964
Liability insurance	327,634
Dues and subscriptions	3,431
Data processing	38,095
Accounting	18,750
Professional services	42,305

**Materials and supplies:**

Stationery, printing and supplies	54,948
Postage and bulk mailing	27,917

**(CONTINUED)**

The accompanying notes are an integral part of these financial statements.

**ORLEANS PARISH CIVIL SHERIFF**  
**STATEMENT OF ACTIVITIES, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2005**

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**EXPENSES, Continued**

Other:

Household	\$ 15,553
Convention and travel	26,986
Advertising	13,726
Building security	80,048
Office maintenance	20,050
Medical	2,228
Office Equipment	1,309
Miscellaneous	283
Interest	4,329
Depreciation	<u>203,597</u>

Total expenses	<u>9,966,838</u>
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**REVENUES**

Fees and commissions	6,607,690
Security services	2,752,448
Supplemental pay	308,457
Interest	16,397
Other	<u>1,797</u>

Total revenues	<u>9,686,789</u>
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CHANGE IN NET ASSETS	(280,049)
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Net assets, beginning of year	<u>2,694,894</u>
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Net assets, end of year	<u>\$2,414,845</u>
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The accompanying notes are an integral part of these financial statements.

**ORLEANS PARISH CIVIL SHERIFF**  
**BALANCE SHEET-GOVERNMENTAL FUND-GENERAL FUND**  
**JUNE 30, 2005**

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**ASSETS**

Cash and cash equivalents	\$ 879,936
Accounts receivable	300,966
Due from civil fund	<u>1,227,456</u>
 Total assets	 <u><u>\$2,408,358</u></u>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts payable and accrued liabilities	\$ <u>239,961</u>
 Total liabilities	 <u>239,961</u>

**FUND BALANCE**

Undesignated	<u>2,168,397</u>
 Total fund balance	 <u>2,168,397</u>
 Total liabilities and fund balance	 <u><u>\$2,408,358</u></u>

The accompanying notes are an integral part of these financial statements.

**ORLEANS PARISH CIVIL SHERIFF**  
**RECONCILIATION OF THE BALANCE SHEET-**  
**GOVERNMENTAL FUND TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2005**

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Total fund balance - Governmental Fund	\$2,168,397
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Amounts reported for governmental activities in  
the Statement of Net Assets are different because:

Capital assets used in governmental activities  
are not financial resources and therefore are  
not reported in the fund (NOTE 3):

The cost of capital assets	\$ 1,196,136	
Accumulated depreciation is	<u>(919,082)</u>	277,054

Long-term liabilities are not due and  
payable in the current period therefore  
are not reported in the fund:

Capital lease payable-current	<u>(30,606)</u>
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Net assets of governmental activities	<u><u>\$2,414,845</u></u>
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The accompanying notes are an integral part of these financial statements.

**ORLEANS PARISH CIVIL SHERIFF**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUND-GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2005**

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**REVENUES**

Fees and commissions	\$6,607,690
Security services	2,752,448
Supplemental pay	308,457
Interest	16,397
Other	<u>1,797</u>
Total revenues	<u>9,686,789</u>

**EXPENDITURES**

Salaries and related benefits:	
Salaries	6,814,378
Pension contributions	654,622
Social security contributions	25,276
Medicare tax	90,679
Unemployment compensation insurance	42,580
Group insurance	780,355
Parking	33,972
Continuing education	9,525
Louisiana deferred compensation	257,134
Contractual services:	
Sheriff's expense allowance	13,761
Communications and telephone	85,747
Equipment rentals	76,643
Equipment repair and maintenance	11,136
Oil and gas auto	138,877
Repairs and maintenance	50,964
Liability insurance	327,634
Dues and subscriptions	3,431
Data processing	38,095

**(CONTINUED)**

The accompanying notes are an integral part of these financial statements.



**ORLEANS PARISH CIVIL SHERIFF**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUND-GENERAL FUND, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2005**

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**EXPENDITURES, Continued**

Contractual Services, Continued:

Accounting \$ 18,750

Professional services 42,305

Materials and supplies:

Stationery, printing and supplies 54,948

Postage and bulk mailing 27,917

Other:

Household 15,553

Convention and travel 26,986

Advertising 13,726

Building security 80,048

Office maintenance 20,050

Medical 2,228

Office equipment 1,309

Miscellaneous 283

Capital Outlay 101,353

Debt Service:

Principal 119,349

Interest 4,329

Total expenditures 9,983,943

Net change in fund balance (297,154)

Fund balance, beginning of year 2,465,551

Fund balance, end of year \$2,168,397

The accompanying notes are an integral part of these financial statements.

**ORLEANS PARISH CIVIL SHERIFF**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE-**  
**GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

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Total change in fund balance-Governmental Fund	\$(297,154)
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Amounts reported for governmental activities in  
the Statement of Net Assets are different because:

The Governmental Fund reported capital outlays  
as expenditures whereas in the Statement of  
Activities these cost are depreciated over  
their estimated lives:

Capital assets purchased	101,353
Depreciation expense	(203,597)

Repayment of capital lease principal is an  
expenditure in the governmental funds,  
but it reduces long-term liabilities in the  
statement of net assets and does not affect  
the statement of activities

119,349

Change in net assets of  
governmental activities

\$(280,049)

The accompanying notes are an integral part of these financial statements.

**ORLEANS PARISH CIVIL SHERIFF**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUND**  
**JUNE 30, 2005**

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**AGENCY FUND**

**ASSETS**

Cash and cash equivalents (NOTE 2)	<u>\$5,484,474</u>
Total assets	<u>\$5,484,474</u>

**LIABILITIES**

Due to general fund	\$1,227,456
Due to litigants	<u>4,257,018</u>
Total liabilities	<u>\$5,484,474</u>

The accompanying notes are an integral part of these financial statements.

**ORLEANS PARISH CIVIL SHERIFF**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 -      Summary of Significant Accounting Policies:**

**The Sheriff** serves a four-year term, as provided by Article V, Section 32 and R.S.33:1501.1 of the Louisiana Constitution of 1974. **The Sheriff** is the Chief Executive Officer of the Civil District Courts of the Parish of Orleans and he serves citations, summonses, subpoenas, notices and other processes and executes writs for judicial sales and disburses monies realized in accordance with laws, mandates, orders and judgments directed to him by the District Courts, the Courts of Appeals and the Supreme Court.

According to GASB No. 14, **the Sheriff** is considered a primary government and does not include any component units. For financial reporting purposes, **the Sheriff** includes all funds and activities that are controlled by **the Sheriff** as an independently elected parish official. The activities of the parish, school board, other independently elected parish officials, and municipal level governments are not included within the accompanying financial statements as they are considered autonomous governmental units. These units of government issue financial statements separate from those of **the Sheriff**.

**A.    Basis of Presentation**

The accompanying financial statements of **the Sheriff** have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**ORLEANS PARISH CIVIL SHERIFF**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 1 - Summary of Significant Accounting Policies, Continued:**

**B. Implementation of GASB Statements**

During the fiscal year 2004, the Sheriff adopted GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis-for State and Local Governments, as amended by GASB Statements No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 established standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

Invested in Capital Assets - consists of capital assets, net of accumulated depreciation.

Restricted Net Assets - result when constraints placed on net assets use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. At June 30, 2005, the Sheriff had no restricted net assets.

Unrestricted Net Assets - consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue.

**ORLEANS PARISH CIVIL SHERIFF**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 1 - Summary of Significant Accounting Policies, Continued:**

**C. Fund Accounting**

**The Sheriff uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions relating to certain Sheriff functions and activities. A fund is a separate accounting entity with a self-balancing set of accounts.**

**Governmental Fund**

**The governmental fund accounts for all of the Sheriff's general activities. This fund focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Sheriff. The following is the Sheriff's governmental fund:**

**General Fund**

**The primary operating fund of the Sheriff and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Sheriff's policy.**

**Agency Fund**

**The Agency Fund accounts for assets held by the Sheriff as an agent for deposits held pending court action. This fund is custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the Agency Fund has no measurement focus, but uses the modified accrual basis of accounting.**

**ORLEANS PARISH CIVIL SHERIFF**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 1 - Summary of Significant Accounting Policies, Continued:**

**D. Basis of Accounting/Measurement Focus**

**Government-Wide Financial Statements (GWFS)**

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the Sheriff.

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

**Fund Financial Statements (FFS)**

Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and change in fund balance reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the governmental-wide statements and the statements for governmental funds are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**ORLEANS PARISH CIVIL SHERIFF**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 1 - Summary of Significant Accounting Policies, Continued:**

**D. Basis of Accounting/Measurement Focus, Continued**

**Fund Financial Statements (FFS), Continued**

FFS report detailed information about **the Sheriff**. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. At June 30, 2005, the general fund is the only major fund of **the Sheriff**.

The General Fund is maintained on the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become available and measurable. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. **The Sheriff** uses the following practices in recording revenues and expenditures.

**E. Budgetary Accounting**

The proposed budget for 2005 was made available for public inspection according to state law. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal ten days prior to the public hearing for comments from taxpayers. The budget is legally adopted and amended, as necessary, by **the Sheriff**. At fiscal close, all appropriations lapse. All changes in the budget must be approved by **the Sheriff**. Unexpended appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

Neither encumbrance accounting nor formal integration of the budget into the accounting records is employed as a management control device. However, periodic comparisons of budget and actual amounts are made. Budget amounts included in the accompanying financial statements reflect the originally adopted budget and all subsequent amendments.



**ORLEANS PARISH CIVIL SHERIFF**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 1 - Summary of Significant Accounting Policies, Continued:**

**F. Vacation and Sick Leave**

Employees of the Sheriff are entitled to one-to-five weeks of annual leave depending on the employee's years of service. An additional day is allowed for each year of service over twenty-five years. Annual leave may not be accumulated. All annual leave is charged to the period in which it is taken or used and any unused annual leave is not considered a vested benefit and accordingly the Sheriff has not established any liability for accrued annual leave benefits.

Each full-time employee of the Sheriff with more than six months of employment is allowed twelve days of sick leave each year, earned one day for each month worked. Sick leave is cumulative up to twenty working days; however, all accrued sick leave is not a vested benefit and accordingly the Sheriff has not established any liability for accrued sick leave benefits.

**G. Cash and Cash Equivalents**

Cash includes amounts on hand and in demand deposits, interest-bearing demand deposits, and cash equivalents. Cash equivalents include amounts in government backed discount notes with original maturities of 90 days or less. Cash equivalents are held in safe keeping at a custodial bank in the Sheriff's name. Under state law, the Sheriff may deposit funds in demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**ORLEANS PARISH CIVIL SHERIFF**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 1 - Summary of Significant Accounting Policies, Continued:**

**H. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**I. Capital Assets**

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Sheriff maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the useful lives.

**J. Accounts Receivable**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At June 30, 2005, no allowance for uncollectible receivables was provided.

**ORLEANS PARISH CIVIL SHERIFF**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 2 - Cash and Cash Equivalents:**

At June 30, 2005, the **Sheriff** has cash and cash equivalents (book balances) as follows:

Cash on hand	\$ 330
Interest - bearing demand deposits	380,562
Cash equivalents- FHLMC discount note	<u>499,044</u>
Sub-total	879,936
Non interest-bearing demand deposits-Agency Fund	<u>5,484,474</u>
Total	<u>\$6,364,410</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2005, the **Sheriff** has \$5,864,914 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$14,436,482 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the **Sheriff** that the fiscal agent has failed to pay deposited funds upon demand.

**ORLEANS PARISH CIVIL SHERIFF**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 3 - Capital Assets:**

Capital asset activity as of and for the year ended June 30, 2005 follows:

<u>Capital Assets</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Building and building improvements	\$ 189,595	\$ 1,859	\$ -0-	\$ 191,454
Equipment	548,745	81,775	-0-	630,520
Vehicles	<u>356,443</u>	<u>17,719</u>	<u>-0-</u>	<u>374,162</u>
 Total Capital Assets	 <u>1,094,783</u>	 <u>101,353</u>	 <u>-0-</u>	 <u>1,196,136</u>
 <u>Accumulated Depreciation</u>				
Building and building improvements	81,163	38,310	-0-	119,473
Equipment	448,814	84,301	-0-	533,115
Vehicles	<u>185,508</u>	<u>80,986</u>	<u>-0-</u>	<u>266,494</u>
 Total Accumulated Depreciation	 <u>715,485</u>	 <u>203,597</u>	 <u>-0-</u>	 <u>919,082</u>
 Net Capital Assets	 <u>\$ 379,298</u>	 <u>\$(102,244)</u>	 <u>\$ -0-</u>	 <u>\$ 277,054</u>

**NOTE 4 - Pension Plans:**

**Plan Description**

Substantially all employees of the Sheriff's office are members of the Louisiana Sheriffs Pension and Relief Fund, a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

**ORLEANS PARISH CIVIL SHERIFF**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 4 - Pension Plans, Continued:**

**Plan Description, Continued**

All sheriffs and all deputies who are found to be physically fit, who earn at least \$400 per month, and who were 18 and older at the time of original employment are required to participate in the System. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to a percentage of their final-average salary for each year of credited service. The percentage factor to be used for each year of service is 2.5 percent for each year if total service is at least 12 but less than 15 years, 2.75 percent for each year if total service is at least 15 but less than 20 years, and 3 percent for each year if total service is at least 20 years (Act 1117 of 1995 increased the accrual rate by 0.25 percent for all service rendered on or after January 1, 1980.) In any case, the retirement benefit cannot exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Sheriff's Pension and Relief Fund, Post Office Box 3163, Monroe, Louisiana 71220, or by calling (318) 362-3191.

**ORLEANS PARISH CIVIL SHERIFF**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 4 - Pension Plans, Continued:**

**Funding Policy**

Plan members are required by state statute to contribute 9.8 percent and 10.0 percent of their annual coverage salary for the period July 1, 2004 to September 30, 2004 and for the period October 1, 2004 to June 30, 2005, respectively and the Sheriff is required to contribute at an actuarial determined rate. The current rate is 9.75 percent of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the Sheriff are established and may be amended by state statute.

As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Sheriff's contributions to the System for the years ended June 30, 2005, 2004 and 2003, were \$654,622, \$560,809 and \$345,854, respectively, equal to the required contributions for each year.

**NOTE 5 - Contingency - Litigation:**

The Sheriff is a defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the Sheriff, the outcome of these lawsuits will not have a material adverse effect on the financial statements and, accordingly, no provision for losses has been recorded for these lawsuits.

**NOTE 6 - Risk Management**

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Sheriff carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

**ORLEANS PARISH CIVIL SHERIFF**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 7 - Capital Lease Obligation**

**The Sheriff** has entered into a lease agreement for financing the acquisition of office equipment. This lease qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of the future minimum lease payments as of the date of inception. The capital lease expires in the 2006 fiscal year.

**NOTE 8 - Changes in General Long-term Obligations:**

<u>Long-term Obligations</u>	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2005</u>
Capital lease	<u>\$149,955</u>	<u>\$-0-</u>	<u>\$119,349</u>	<u>\$30,606</u>

**NOTE 9 - Deferred Compensation Plan**

**The Sheriff** offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees of **the Sheriff** at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

**NOTE 10 - Subsequent Event**

**The Sheriff** was adversely affected by Hurricane Katrina, which occurred on August 29, 2005. **The Sheriff** is currently assessing the impact of the hurricane, but the damage to New Orleans will have a negative effect on revenues, including fees and commissions.

A significant amount of equipment assigned to employees were destroyed in the flood waters that accompanied Hurricane Katrina. The impact of this damage can not be fully known at this time.

**The Sheriff** believes that the disruption in operations will not affect its ability to make timely liability payments, and believes it will continue as an ongoing governmental entity.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**ORLEANS PARISH CIVIL SHERIFF**  
**BUDGETARY COMPARISON SCHEDULE-GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Original Budget</u>	<u>Budget As Amended</u>	<u>Actual</u>	<u>Variance From Amended Budget Positive (Negative)</u>
<b><u>REVENUES</u></b>				
Fees and commissions	\$5,833,835	\$6,632,060	\$6,607,690	\$ (24,370)
Security services	2,937,001	2,834,000	2,752,448	(81,552)
Supplemental pay	306,656	301,000	308,457	7,457
Interest	16,037	14,000	16,397	2,397
Other	<u>8,800</u>	<u>9,000</u>	<u>1,797</u>	<u>(7,203)</u>
Total revenue	<u>9,102,329</u>	<u>9,790,060</u>	<u>9,686,789</u>	<u>(103,271)</u>
<b><u>EXPENDITURES</u></b>				
Salaries	6,052,378	7,076,000	6,814,378	261,622
Pension contributions	593,133	676,000	654,622	21,378
Social security contributions	27,658	26,000	25,276	724
Medicare tax	87,759	90,000	90,679	(679)
Unemployment insurance	48,419	53,500	42,580	10,920
Group insurance	745,772	787,000	780,355	6,645
Parking	27,645	32,600	33,972	(1,372)
Continuing education	9,441	9,000	9,525	(525)
Louisiana deferred compensation	310,376	257,000	257,134	(134)
Sheriff's expense allowance	12,416	13,760	13,761	(1)
Communications and telephone	69,738	81,600	85,747	(4,147)
Equipment rentals	78,215	74,350	76,643	(2,293)
Equipment repair and maintenance	22,000	13,000	11,136	1,864
Oil and gas auto	77,169	128,000	138,877	(10,877)
Repairs and maintenance	43,867	48,850	50,964	(2,114)
Liability insurance	341,164	327,000	327,634	(634)
Dues and subscriptions	9,500	3,000	3,431	(431)
Data processing	31,307	38,300	38,095	205
Accounting	17,750	19,000	18,750	250
Professional services	63,970	47,650	42,305	5,345

See independent auditors' report on required supplementary information.

**ORLEANS PARISH CIVIL SHERIFF**  
**BUDGETARY COMPARISON SCHEDULE-GENERAL FUND, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Original Budget</u>	<u>Budget As Amended</u>	<u>Actual</u>	<u>Variance From Amended Budget Positive (Negative)</u>
<b><u>EXPENDITURES, Continued</u></b>				
Medical	-0-	700	2,228	(1,528)
Office equipment	-0-	-0-	1,309	(1,309)
Miscellaneous	-0-	1,250	283	967
Stationery, printing and supplies	37,679	53,000	54,948	(1,948)
Postage and bulk mailing	35,133	28,400	27,917	483
Household	15,766	15,800	15,553	247
Convention and travel	18,000	29,000	26,986	2,014
Advertising	45,000	13,000	13,726	(726)
Building security	93,732	84,500	80,048	4,452
Office maintenance	22,000	21,000	20,050	950
Capital outlay	120,000	101,000	101,353	(353)
Principal	-0-	-0-	119,349	(119,349)
Interest debt service	<u>13,825</u>	<u>4,300</u>	<u>4,329</u>	<u>(29)</u>
Total expenditures	<u>9,070,812</u>	<u>10,153,560</u>	<u>9,983,943</u>	<u>169,617</u>
Excess (deficiency) of revenues over expenditures	31,517	(363,500)	(297,154)	66,346
Fund balance, beginning of year	<u>2,465,551</u>	<u>2,465,551</u>	<u>2,465,551</u>	<u>-0-</u>
Fund balance, end of year	<u>\$2,497,068</u>	<u>\$2,102,051</u>	<u>\$2,168,397</u>	<u>\$ 66,346</u>

See independent auditors' report on required supplementary information.



Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Honorable Paul R. Valteau, Jr.  
**Orleans Parish Civil Sheriff**

We have audited the financial statements of **Orleans Parish Civil Sheriff (the Sheriff)** as of and for the year ended June 30, 2005, and have issued our report thereon dated April 10, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered **the Sheriff's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS  
(CONTINUED)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the Sheriff and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

April 10, 2006

**ORLEANS PARISH CIVIL SHERIFF  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2005**

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**I     SUMMARY OF AUDITORS' RESULTS**

- A. The type of report issued on the financial statements:  
**unqualified opinion.**
- B. Reportable conditions in internal control were disclosed by the audit of the financial statements: **none reported** material weaknesses: **no.**
- C. Noncompliance which is material to the financial statements:  
**no.**
- D. Reportable conditions in internal control over major programs: **not applicable**  
material weaknesses: **not applicable.**
- E. The type of report issued on compliance for major programs: **not applicable.**
- F. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: **not applicable.**
- G. Major programs: **not applicable.**
- H. Dollar threshold used to distinguish between Type A and Type B programs:  
**not applicable.**
- I. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133:  
**not applicable.**
- J. A management letter was issued: **no.**

**II     FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

No matters reported.

**III     FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS**

Not applicable.

**ORLEANS PARISH CIVIL SHERIFF  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2005**

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**I. INTERNAL CONTROL AND COMPLIANCE  
MATERIAL TO THE FINANCIAL STATEMENTS**

No prior year comments reported.

**II. INTERNAL CONTROL AND COMPLIANCE  
MATERIAL TO FEDERAL AWARDS**

Not applicable.

**III. MANAGEMENT LETTER**

No prior year comments reported.